



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

January 7, 2008
22M:367:SEC:8005

Ms. Kathryn Fortner, Workforce Development Administrator
Riverside County Economic Development Agency
Workforce Development Center
1151 Spruce Street
Riverside, CA 92507

Dear Ms. Fortner:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Riverside County Economic Development Agency's (EDA) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Stacy Corrales and Ms. Jennifer Leeper from September 10, 2007 through September 14, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by EDA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with EDA representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, EDA's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on December 20, 2007, and reviewed your comments and documentation before finalizing this report. Because your response

adequately addressed findings 1 and 4 cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80017 and 80018.

BACKGROUND

The EDA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. At the time of our review, very little of WIA funding allocated for PY 2007-08 was expended. For PY 2006-07, EDA was allocated: \$4,226,034 to serve 314 adult participants; \$4,348,440 to serve 462 youth participants; and \$4,003,376 to serve 210 dislocated worker participants.

For the quarter ending June 30, 2007, EDA reported the following expenditures for its WIA programs for PY 2006-07: \$3,339,668 for adult participants; \$3,238,007 for youth participants; and \$2,436,705 for dislocated worker participants. In addition, EDA reported the following enrollments for PY 2006-07: 355 adult participants; 425 youth participants; and 278 dislocated worker participants. We reviewed case files for 31 of the 114 Dislocated Worker participants enrolled in the WIA program as of September 10, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, EDA is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Program monitoring, equal opportunity (EO) and grievance and complaint procedures, training certificates of completion, and training services. The findings that we identified in these areas, our recommendations, and EDA's proposed resolution of the findings are specified below.

FINDING 1

Requirement: 20 CFR Section 667.410(a) states, in part, that each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors.

WIAD00-7 states, in part, that the monitoring of subrecipients follow a standardized review methodology that will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of corrective actions. Additionally, the monitoring of subrecipients require systematic follow-up to ensure that necessary corrective action has been taken.

The EDA's Policies and Procedures on Program Monitoring, 17-01, requires, in part, that within 30 days of receipt of the response to a monitoring report, a letter of sufficient or insufficient response be issued to the service provider.

Observation: We observed two EDA monitoring reports where corrective action was indicated, but not recommended, and one monitoring report where corrective action was recommended, the subrecipient responded timely, but EDA did not issue a final report of sufficient or insufficient response, as its policy requires.

Recommendation: We recommended that EDA develop a Corrective Action Plan (CAP), including a timeline, explaining how it will ensure that monitoring report findings include CAPs, with timelines for completion of the necessary corrective actions to resolve the findings, and that letters of sufficient or insufficient response be issued in accordance with EDA's monitoring policy.

EDA's Response: The EDA stated that it's Program Monitoring Policy has been reviewed with the Assistant Operations Manager, who oversees the monitoring process. Emphasis was placed on the importance of following the policy timelines and the issuance of letters of sufficient or insufficient response.

State Conclusion: The EDA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, EDA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80017.

FINDING 2

Requirement: 20 CFR Section 667.275(a)(1) states, in part, that recipients must comply with nondiscrimination and EO provisions.

20 CFR Section 667.600(a)(b) states, in part, that each local area, State and direct recipient of WIA funds, must establish and maintain a procedure for grievances and complaints according to the requirements of this section. Each local area, State, and direct recipient must provide information about the content of the grievance and complaint procedures to participants and other interested parties affected by the local Workforce Investment System.

WIAD01-21 states, in part, that initial and continuing notice of nondiscriminatory practices and the right to file a complaint must be made available to each participant. A copy of an acknowledgement of receipt must be signed by the participant.

WIAD03-12 states, in part, that a copy of an acknowledgement of receipt of the grievance and complaint procedures shall be signed by the participant.

Observation: We observed two participant case files that lacked EDA's signed EO/grievance and complaint acknowledgement form. However, on September 18, 2007, EDA provided copies of signed EO/grievance and complaint acknowledgement forms for the two participants.

We consider this issue resolved.

FINDING 3

Requirement: WIA136(b)(2)(A)(iv) states, in part, that core indicators of performance for employment and training activities include the attainment of a recognized credential relating to achievement of educational or occupational skills.

WIAD04-17 states, in part, that States should work with local Workforce Investment Boards (WIB) to encourage certificates to recognize successful completion of the training services.

Observation: We observed nine case files where training was completed and reported on the Job Training Automation (JTA) System but no certificate of completion was in the participant case file. While onsite, EDA provided training completion certificates for six of the participants, and on September 18, 2007, EDA supplied completion certificates for the remaining three participants.

We consider this issue resolved.

FINDING 4

Requirement: WIA134(d)(1)(A)(iv) states, in part, that funds allocated to a local area for adults and dislocated workers shall be used to provide training services to adults and dislocated workers.

WIA195(1) states, in part, that each program under this title shall provide employment and training opportunities to those who can benefit from, and who are most in need of such opportunities.

WIA195(5) states, in part, that a participant cannot be charged a fee for the placement or referral of the individual in or to a workforce investment activity under this title.

20 CFR 663.320(a)(1-2) states, in part, that WIA funding for training is limited to participants who are unable to obtain grant assistance from other sources to pay the costs of their training; or who require assistance beyond that available under grant assistance from other sources to pay the costs of such training,

20 CFR 663.400 states, in part, that the Individual Training Account (ITA) is established to finance training services.

WIAD06-21 states, in part, that the local board shall develop local policy on the amount and duration of ITA's based on market rate for local training programs.

Observation:

We observed that 20 of 31 participant case files indicated that training service were provided. Of those 20, 14 were funded by Trade Readjustment Act (TAA), Pell Grants, the GI Bill, or Employment Training Panel (ETP) funds, one by an ITA, and five were financed by the participants. EDA staff stated that after September 2006, it did not have funds to establish ITAs. However, no documentation or policy statements were provided to substantiate this statement. While EDA is not providing WIA ITAs, it is providing follow-up intensive services. However, WIA participants must pay for their own training in order to receive WIA intensive services. As a result, individuals must pay for their training in order to receive other WIA services.

Recommendation: We recommended that EDA begin providing WIA funded ITAs for participants who are unable to qualify for training through other funding sources and stop its practice of requiring individuals to pay for their own training.

EDA's Response: The EDA stated that it has set aside \$150,000 in WIA funds for PY 2007-08 to provide training opportunities for ITA's, on-the-job training, and customized training.

State Conclusion: Although EDA identified approximately three-percent of its Dislocated Worker allocation to provide ITAs, it is a beginning step toward providing ITAs to participants in need of training assistance. However, we cannot close this issue until we verify, during a future onsite visit, EDA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80018.

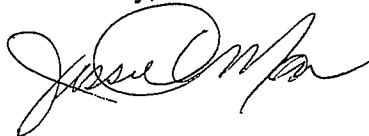
In addition to the findings above, we identified a condition that may become a compliance issue if not addressed. We observed that EDA's WIB lacks three required labor representatives to achieve the 15-percent labor organization representation required by SB293 and specified in WIAD06-21. We suggested that EDA continue its efforts to recruit the required percentage of labor organization representatives.

In its response, EDA stated that it continues its efforts to recruit the required percentage of labor representation. We encourage EDA to continue its efforts to recruit the additional labor representation.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is EDA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain EDA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Stacy Corrales at (916) 653-6123.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
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